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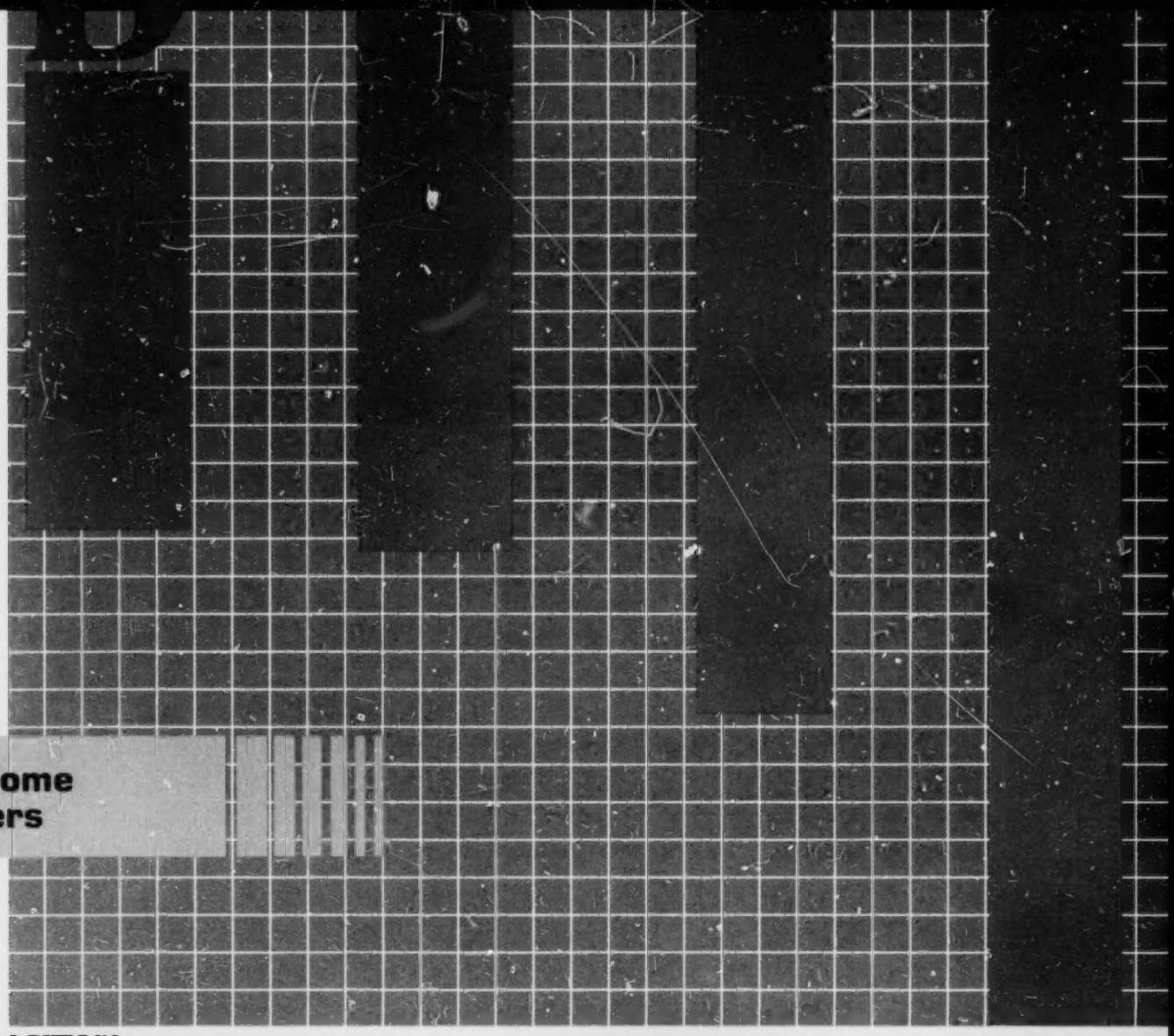
THE 1985 BOTTOM LINE



For Home Centers

NRHA National Retail Hardware Association

HCI home center institute

$20.00

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Research Services, July, 1985

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Introduction

The Bottom Line

The 1985 Bottom Line presents financial operating data for the home center industry. A home center, as defined by NRHA's Home Center Institute, is a retail outlet which carries the basic hardlines of hardware, tools, plumbing and heating equipment and electrical supplies as well as lumber and building materials. Home Center operations are geared to generate sales in excess of $1 million at maturity. The Bottom Line is designed to fulfill several objectives; to assess the financial performance of the home center industry in 1984; to provide comparative financial data so that retailers can measure their performance against other industry members; to provide a frame of reference for profit planning enabling home center retailers to continually improve performance levels. Additionally The Bottom Line provides an excellent means for manufacturers, wholesalers and other interested parties to gain a better understanding of the industry.

Three Major Sections

The Bottom Line report is divided into three major sections, Average Operating Results, Strategic Profit Model, and Departmental Sales. All results are presented as averages, computed by adding all data for a given item and then dividing by the total number of entries.

Average Operating Results includes data on sales, operating expenses, profits and financial performance. Income statement items are presented as a percentage of net sales and balance sheet items as a percentage of total assets.

The **Strategic Profit Model** combines the principal elements of a firm's operating statement and balance sheet into a single profit planning equation, evaluating operating performance on return on net worth.

In **Departmental Sales,** information is presented on the percent of stores handling major departments found in retail home center stores. The percent of net sales, sales floor, inventory and cost of goods sold are outlined both for handling firms only and for an average store profile. Departmental productivity is compared by calculating the gross margin return on inventory investment for each department.

Type of Store

Many factors influence a home center's cost of doing business. Therefore, Report data are shown in different ways in order that individual operators may make meaningful comparisons. Information contained in Average Operating Results is presented for the following store types:

—High and Low Profit
—Sales Volume Size
—Sales Floor Size
—Type of Origin
—Trade Area Size
—Store Location: Part I
—Store Location: Part II
—Store Orientation
—Number of Stores

Methodology

The Bottom Line is made possible only through the cooperation of the retail home center men and women who provided us with detailed information on their operation. Questionnaires were sent to home center operators the end of February.One hundred ninety-five usable returns were received by June 15, 1985 in time for inclusion in this year's report.

All dealer survey forms were edited for completeness by NRHA's Research Services Department Staff. Forms were coded for computer processing and **all individual firm identification removed.** The data was keypunched by a service bureau and then processed by our own data processing department.

As thanks for their contributive efforts, each home center operator who submitted detailed financial information was provided a personalized computer analysis. This customized analysis compared each contributor's results with averages of all other stores in the same sales volume, sales floor and store location categories, as well as with the averages for the entire sample.

One Of A Series

The National Retail Hardware Association publishes detailed Financial Operating Reports for three types of hardlines retailers. Studies which are available in addition to The Bottom Line are The Management Report for retail hardware stores and The Profit Report for DIY lumber outlets.

For Assistance

Assistance and aid in interpreting the 1985 Bottom Line Report may be obtained from your regional Hardware Association.

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Highlights

Net sales for home centers in 1984 averaged $2,875,479. Contributors to **The Bottom Line** reported a 12.12 percent increase over 1983 sales. Gross margin in 1984 was 27.59 percent compared to 31.53 percent in 1983. Average stock turns showed an increase over 1983 rising from 3.89x to 4.83x. Before tax net profit, however, dropped slightly from 4.38 to 3.27 percent of sales.

Type of Home Center	Net Sales $	Sales Increase Over 1983* %	Margin %	Net Profit On Sales %	Net Profit On Investment %	Stock Turns x
All Home Centers	2,875,479	+12.10	27.59	3.27	17.05	4.83
Low Profit	2,217,568	+10.70	28.40	(.08)	(.53)	3.98
High Profit	3,936,166	+. 3.97	27.22	5.67	26.62	5.94
Sales Volume Size						
Under $1,000,000	758,391	+ 8.54	30.28	(1.13)	(5.93)	2.39
$1,000,000 to $2,999,999	1,847,760	+11.56	29.00	2.82	12.69	3.84
$3,000,000 to $4,999,999	3,578,357	+13.90	26.42	3.57	22.90	5.87
Sales $5,000,000 or More	9,136,320	+10.88	26.93	3.87	20.03	5.97
Sales Floor Size						
Under 10,000 Sq. Ft.	2,152,784	+18.86	27.66	3.39	16.39	4.66
10,000 to 19,999 Sq. Ft.	3,205,240	+10.92	27.35	3.60	19.05	5.03
20,000 Sq. Ft. or More	3,917,569	+ 4.92	28.53	1.66	9.41	4.35
Type of Origin						
Originally Hardware	1,663,362	+15.51	32.03	(.10)	(.64)	3.33
Originally Lumber/Building Material	3,380,056	+14.49	27.63	3.26	17.96	5.13
Organized as Home Center	1,320,870	+4.35	32.29	1.63	9.04	3.09
Trade Area Size						
M.S.A. Central City	2,858,047	+20.93	25.95	3.32	16.97	5.57
M.S.A. Suburban	4,863,844	+ .72	27.46	4.12	20.06	4.91
Cities 10,000 to 50,000	2,727,626	+11.59	27.83	1.90	10.79	4.30
Towns Under 10,000	2,441,694	+13.34	28.09	3.80	19.64	5.02
Store Location: Part I						
Downtown	2,073,204	+12.24	27.16	3.54	15.34	4.49
Suburban	3,012,126	+11.31	27.71	3.23	17.98	4.85
Rural	3,157,808	+17.99	27.07	3.44	16.16	5.22
Store Location: Part II						
Shopping Centers	1,935,419	+17.93	31.21	2.14	12.47	4.28
Free-Standing— No Stores Adjacent	3,059,360	+12.19	27.47	3.52	17.68	4.94
Free-Standing— Stores Nearby	3,046,881	+11.46	26.98	3.28	17.88	4.89

*As reported to us by The Bottom Line contributors.

Monthly Sales

Each of the first six months of 1984 showed an increase over 1983 in percent of annual sales. May and June were the strongest months accounting for just over 20 percent of total sales. December showed the largest drop from 9.4 percent of sales in 1983 to 8.8 percent in 1984.

	%		%		%
January	6.0	May	9.9	September	8.6
February	5.9	June	10.2	October	8.8
March	6.8	July	9.2	November	8.4
April	8.2	August	9.2	December	8.8

Average Operating Results

Income Statement Data

The Income Statement presents, in a single format, revenue derived from the sale of merchandise and expenses incurred to produce these sales. All Financial Report Income Statement data are presented as a percent of Net Sales, computed by dividing each item by the Net Sales.

Net Sales Volume — The dollar amount of cash sales plus credit sales less total deductions.

Total Deductions — Goods returned, discounts allowed, sales taxes and other taxes paid to secure licenses.

Cost of Goods Sold — Inventory First of the Year plus Purchases plus Freight In plus Shop Labor (Non-Employee) minus Inventory End of the Year equals Cost of Goods Sold.

Margin Before Rebate or Dividend — The difference between Net Sales and the Cost of Goods Sold.

Margin After Rebate or Dividend — Net Sales minus the Cost of Goods Sold plus any Purchase Rebate or Patronage Dividend received by the dealer.

Salaries — Owners, Officers, Managers — The compensation including bonuses paid to owners, officers and store managers who work in the business.

Salaries/Wages — Other Employees — The compensation, wages and bonuses paid to all other employees.

Federal and State Payroll Taxes — Federal and State Withholding, Unemployment Compensation and FICA Taxes.

Group Insurance — All premiums paid to insure employees for health and accident protection.

Benefit Plans — The employers' share of cost for employee welfare/ benefit plans — life insurance, retirement, education, etc.

Heat, Light, Power and Water — All utility expenses incurred in the operation of the business.

Building Repairs and Maintenance — All charges for incidental repairs which keep the building in ordinarily efficient operating condition.

Leasing Expenses (Non-Occupancy) — All costs involved in leasing furniture, fixtures, machinery and office equipment, delivery equipment, etc.

Office Supplies and Postage — The cost of all materials used for the firm's accounting records.

Rent or Ownership in Real Estate — Rent is the amount paid for properties used in the business. Ownership includes current year taxes, insurance, depreciation and interest on mortgages on land and buildings used in the business.

Advertising and Promotion — Newspapers, circulars, calendars, radio and television spots, dealer's share of cooperative advertising and materials used in sales events.

Donations — All gifts given from the business operation to charity.

Telephone and Telegraph — For expenses incurred in the operation of the business.

Bad Debts — Uncollectable debts.

Delivery Expenses (Other than Wages) — All expenses incurred in the operation of delivery equipment; gas, tires, etc.

Insurance — Premiums paid to insure all assets against fire, theft, etc.

Taxes — All taxes on stock, fixtures, delivery equipment, etc.

Depreciation — All depreciation on furniture, fixtures, machinery and office equipment, delivery equipment, etc.

Credit Card Expense — Bank charges for processing credit card sales.

Interest — The amount of interest paid on borrowed money for all types of notes, loans.

Store and Shop Supplies — The costs of all supplies used in the operation of the store.

Legal and Accounting — The cost incurred for auditing, inventory count, collectors and legal consultation.

Computer Services — Any fees for outside computer services, plus all costs (excluding payroll) for establishing and maintaining a system in-house.

Dues and Subscriptions — Fees for memberships and subscriptions, and expenses for employee training.

Travel, Buying, Entertainment — All expenses incurred in business trips and the entertainment of guests.

Miscellaneous Services — All fees for services such as laundry, garbage disposal, snow removal, etc.

Unclassified — All expenses not classified under other headings.

Net Operating Profit — Return on sales before Other Income and Income Taxes, when expressed as a percent of Net Sales, indicates the percent return on each dollar of sales.

Other Income — Cash discounts earned, cash over or short, interest dividends, finance charges, commissions, tax allowances and rental and sundry income.

Net Profit (Before Income Tax) — The net return from the operation of the business.

Balance Sheet

The balance sheet is a statement of financial position at a given point in time; the Report presents year-ending balance sheets. The balance sheet equation is expressed as Assets equal Liabilities plus Net Worth.

Current Assets — Cash; notes receivable in the current year; accounts receivable (less reserve for doubtful accounts); merchandise inventories and other assets with a defined short-term life of one year — all prepaid expenses.

Investments — Assets with a long-term life such as stocks and bonds or real estate which are not needed to operate the business.

Fixed Assets — Assets with a long-term life which are needed to carry out a firm's normal business activities. The Financial Report includes only tangible assets at book value less accumulated depreciation. Included in addition to land, buildings and leasehold improvements are delivery equipment, machinery and office equipment, furniture, fixtures, etc.

Current Liabilities — All debts which are due within one year — accounts payable, current portion of notes payable, accrued payroll and other taxes, insurance, interest, etc.

Long-Term Liabilities — All debts, mortgages, and loans which mature or are due more than one year from the date of the balance sheet, deferred income taxes.

Net Worth — Total assets minus current and long-term liabilities equals net worth or the owner's equity in the business.

Financial Ratios
The financial position of a firm is determined from a review of its financial statements — the income statement and the balance sheet. The analysis of the financial performance of a firm views the interaction of the two financial statements through the measurement of proportions within the structure of the two statements. These proportions are tested by ratio analysis.

Profit On Investment
—Computed by dividing Net Profit Before Taxes by Net Worth; expressed as a percentage.
—Measures the return on the owner's invested capital and is the modern criterion for profitability. Today's hardware retailers should program their operations to achieve a rate of Return-On-Investment of at least 15% after taxes.

Active Owner's Return
—Computed by adding Owner's Salary to Net Profit Before Taxes and then dividing by Net Worth; expressed as a percentage.
—Measures the total return to owners and is applicable to proprietorships, partnerships and small corporations. This ratio aliows comparison between operators with different philosophies regarding salaries and profits.

Current Asset Ratio
—Computed by dividing Total Current Assets by Total Current Liabilities; expressed in "times".
—Measures the ability to pay short-term Debts with Assets that may be converted to cash within a period of time corresponding to the maturity of the claims. The traditionally accepted minimum is 2 to 1 or 2.0 times.

Quick Asset Ratio
—Computed by dividing Current Assets minus Inventory by Current Liabilities; expressed in "times".
—Measures the ability to pay Current Debts from Current Assets without relying on the sale of inventory. The traditionally accepted minimum is 1.0 times.

Total Debt To Tangible Net Worth
—The Leverage Ratio, computed by dividing Total Liabilities by Tangible Net Worth; expressed as a percentage.
—Measures the owner's investment in comparison to financing provided by creditors and gives an indication of a firm's ability to acquire more debt.

Stock Turn Times
—Computed by dividing Cost of Goods Sold by Average Inventory at Cost (Beginning Inventory plus Year-end Inventory divided by two); expressed in "times".
—Measures the actual physical turnover of the inventory. A low rate of inventory turnover indicates the likelihood that a portion of the book value of the inventory includes obsolete or unusable items. A high ratio indicates efficiency in buying and inventory control; however too high a ratio may indicate the loss of potential sales due to inadquate stocking. Retail hardware store operators should achieve three turns or more per year.

Sales to Inventory
—Computed by dividing Net Sales by Average Inventory; expressed in "times".
—Measures merchandising efficiency and supplements the Stock Turn ratio in determining whether proper inventory control is achieved through scheduled and balanced buying.

Average Inventory Per Sq. Ft. of Sales Area
—Computed by dividing Average Inventory by Square Feet of Sales Area; expressed in dollar value of inventory at cost.
—A rough measure of merchandising efficiency.

Net Sales to Accounts Receivable
—Computed by dividing Net Sales by Accounts Receivable; expressed in "times".
—Measures the sales tied up in accounts receivable. This ratio is the most meaningful when compared to previous years' ratios, due to individual dealer policies of granting their own credit.

Net Sales to Total Assets
—Computed by dividing Net Sales by Total Assets; expressed in "times".
—Measures the use of all Assets to produce Sales. A high ratio may indicate over-trading on assets. A low ratio may indicate excessive investment resulting in idle capacity.

Net Sales to Net Worth
—Computed by dividing Net Sales by Tangible Net Worth; expressed in "times".
—Measures the extent to which sales are supported by invested capital.

Net Sales to Working Capital
—Computed by dividing Net Sales by Working Capital (Current Assets minus Current Liabilities); expressed in "times".
—Measures the demand on working capital to support the sales volume. A high ratio may limit the firm's ability to meet day to day debts.

Sales Per Sq. Ft. — Selling Area
—Computed by dividing Net Sales by Square Feet of Sales Area; expressed in retail sales dollars.
—Measures sales productivity.

Sales Per Sq. Ft. — Total Area
—Computed by dividing Net Sales by Square Feet of Total Area including warehouse and outside storage area; expressed in retail sales dollars.
—Measures sales productivity and indicates the amount of sales generated by each square foot of the total facility.

Sales Per Person Employed
—Computed by dividing Net Sales by the Total Number of Employees; expressed in retail sales dollars.
—Measures the efficiency of personnel in producing sales and is the most useful when compared to past performance.

Sales Per Customer
—Computed by dividing Net Sales by the Total Number of Customer Transactions; expressed in retail sales dollars.
—Measures the average sale per transaction. This ratio gives an indication of the store personnel's ability to make add-on sales.

All Home Centers

Income Statement Data	All Home Centers	Low Profit Home Centers	High Profit Home Centers
Number of Stores	195	78	68
Net Sales Volume	$2,875,479	$2,217,568	$3,936,166
Current Year's Sales vs. Previous Year*	+12.10%	+10.70%	+13.97%
Gross Sales	101.96%	102.09%	101.71%
Less: Total Deductions	1.96	2.09	1.71
Net Sales	100.00%	100.00%	100.00%
Cost of Goods Sold	72.70	72.03	72.87
Margin Before Purchase Rebate or Patronage Dividend	27.30	27.97	27.13
Purchase Rebate or Patronage Dividend	.29	.43	.09
Margin After Purchase Rebate or Patronage Dividend	27.59	28.40	27.22
Payroll and Other Employee Expense			
Salaries — Owners, Officers, Managers	3.08	3.85	2.72
Salaries/Wages — Other Employees	9.98	11.12	8.96
Federal and State Payroll Taxes	1.11	1.28	.98
Group Insurance	.55	.62	.60
Benefit Plans	.44	.38	.40
Total Payroll and Other Employee Expense	15.16	17.25	13.66
Occupancy Expense			
Heat, Light, Power, Water	.60	.82	.47
Building Repairs and Maintenance	.38	.40	.42
Rent or Ownership in Real Estate**	2.14	2.75	1.59
Total Occupancy Expense	3.12	3.97	2.48
Other Costs of Doing Business			
Office Supplies and Postage	.41	.40	.32
Advertising and Promotion	1.59	2.16	1.14
Donations	.08	.07	.09
Telephone and Telegraph	.27	.34	.23
Bad Debts	.37	.21	.48
Credit Card Expense (Bank Charges)	.10	.13	.09
Delivery Expenses (Other than Wages)	.70	.78	.59
Leasing Expenses (Non-Occupancy)	.10	.06	.14
Insurance (Other than Real Estate and Group)	.47	.50	.46
Taxes (Other than Real Estate and Payroll)	.47	.31	.68
Interest (Other than Real Estate)	1.03	1.53	.73
Depreciation (Other than Real Estate)	.70	.81	.71
Store and Shop Supplies	.25	.32	.22
Legal and Accounting	.24	.25	.26
Computer Services and Expenses (Other than Wages)	.11	.17	.08
Dues and Subscriptions	.06	.08	.05
Travel, Buying, Entertainment	.17	.19	.17
Miscellaneous Services (Laundry, Disposal, Etc.)	.07	.13	.05
Unclassified Expenses	.54	.44	.64
Total Other Costs of Doing Business	7.73	8.88	7.13
Total Operating Expenses	26.01	30.10	23.27
Operating Profit or Loss	1.58	(1.70)	3.95
Other Income	1.69	1.62	1.72
Net Operating Profit or Loss (Before Income Taxes)	3.27	(.08)	5.67

*As reported to us by The Bottom Line contributors.

**Ownership in Real Estate includes Taxes, Insurance, Depreciation and Interest for Mortgages on Land and Buildings.

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All Home Centers

Balance Sheet Data	All Home Centers	Low Profit Home Centers	High Profit Home Centers
Total Dollar Assets	$1,099,307	$906,659	$1,393,558
		% of Total Assets	
Assets			
Cash On Hand and In Bank	5.50	4.17	6.55
Notes and Installment Contracts Receivable	3.25	3.28	4.48
Accounts Receivable	21.00	16.79	24.65
Merchandise Inventory (End of Year)	40.26	43.80	36.07
Other Current Assets	2.14	3.03	2.01
Total Current Assets	72.15	71.07	73.76
Stocks and Bonds	2.68	2.80	2.11
Real Estate (Not Used In Business)	1.07	.38	1.59
Other Investments	3.13	4.92	1.61
Total Investments	6.88	8.10	5.31
Land (Owned and Used In Business)	3.18	1.95	3.19
Buildings (Owned and Used In Business Less Depreciation)	8.25	7.94	8.27
Leasehold Improvements (Less Amortization Allowance)	1.44	1.97	1.23
Furniture, Fixtures, Equipment (Owned and Used in Business Less Depreciation)	5.40	5.51	5.54
Delivery Equipment (Owned and Used in Business Less Depreciation)	1.78	2.42	1.67
Other Fixed Assets	.92	1.04	1.03
Total Fixed Assets	20.97	20.83	20.93
Total Assets	100.00%	100.00%	100.00%
Liabilities and Net Worth			
Accounts Payable	13.18	14.15	12.30
Current Portion of Notes Payable	11.32	15.90	7.93
Accrued Payroll Taxes	.38	.14	.60
Accrued Other Taxes	1.38	1.17	1.69
Other Accrued Expenses	2.64	2.82	3.08
Other Current Liabilities	2.20	1.42	2.64
Total Current Liabilities	31.10	35.60	28.24
Notes Due Partners/Officers	2.58	3.22	2.01
Mortgage Payable	3.54	5.82	1.10
Long Term Debt	11.06	17.73	7.28
Other Long Term Liabilities	1.65	1.30	1.21
Total Long Term Liabilities	18.83	28.07	11.60
Total Liabilities	49.93	63.67	39.84
Net Worth	50.07	36.33	60.16
Total Liabilities and Net Worth	100.00%	100.00%	100.00%
Financial Performance			
Profit on Investment	17.05%	(.53%)	26.62%
Active Owner's Return	33.16%	25.40%	39.38%
Current Asset Ratio	2.32x	2.00x	2.61x
Quick Asset Ratio	1.02x	.77x	1.33x
Total Debt to Tangible Net Worth	99.74%	175.21%	66.24%
Stock Turn Times	4.83x	3.98x	5.94x
Sales to Inventory Ratio	6.64x	5.52x	8.15x
Average Inventory per Sq. Ft. Sales Area	$49.00	$42.14	$53.14
Net Sales to Accounts Receivable	12.46x	14.56x	11.46x
Net Sales to Total Assets	2.62x	2.45x	2.82x
Net Sales to Net Worth	5.22x	6.73x	4.70x
Net Sales to Net Working Capital	6.37x	6.90x	6.21x
Other Operating Data			
Incoming Freight — % of Purchases	.26%	.53%	.14%
Credit Sales — % of Total Gross Sales	53.82%	49.66%	57.61%
Consumer Sales — % of Total Gross Sales	59.21%	65.26%	54.27%
Inventory - % Stored in Central Warehouse	22.19%	32.00%	13.38%
Selling Area — Square Feet	17,163	20,007	15,210
Sales Per Square Foot — Selling Area	$158.18	$137.34	$169.40
Total Area — Square Feet	33,478	25,399	39,287
Sales Per Square Foot — Total Area	$92.75	$91.86	$103.74
Sales Per Person Employed	$116,517	$88,715	$143,650
Sales Per Customer	$37.86	$27.30	$55.61

Sales Volume Size

Income Statement Data	Sales Under $1,000,000	$1,000,000 To $2,999,999	$3,000,000 To $4,999,999	Sales $5,000,000 Or More
Number of Stores	21	106	49	19
Net Sales Volume	$758,391	$1,847,760	$3,578,357	$9,136,320
Current Year's Sales vs. Previous Year*	+8.54%	+11.56%	+13.90%	+10.88%
Gross Sales	102.37%	102.29%	102.24%	101.28%
Less: Total Deductions	2.37	2.29	2.24	1.28
Net Sales	100.00%	100.00%	100.00%	100.00%
Cost of Goods Sold	70.77	71.46	73.85	73.11
Margin Before Purchase Rebate or Patronage Dividend	29.23	28.54	26.15	26.89
Purchase Rebate or Patronage Dividend	1.05	.46	.27	.04
Margin After Purchase Rebate or Patronage Dividend	30.28	29.00	26.42	26.93
Payroll and Other Employee Expense				
Salaries — Owners, Officers, Managers	4.17	3.79	2.83	2.43
Salaries/Wages — Other Employees	10.54	10.20	8.98	10.71
Federal and State Payroll Taxes	1.28	1.30	.91	1.07
Group Insurance	.66	.58	.46	.60
Benefit Plans	.20	.44	.37	.52
Total Payroll and Other Employee Expense	16.85	16.31	13.55	15.33
Occupancy Expense				
Heat, Light, Power, Water	1.16	.77	.60	.35
Building Repairs and Maintenance	.27	.32	.42	.42
Rent or Ownership in Real Estate**	3.58	2.81	2.16	1.24
Total Occupancy Expense	5.01	3.90	3.18	2.01
Other Costs of Doing Business				
Office Supplies and Postage	.46	.43	.36	.42
Advertising and Promotion	2.06	1.95	1.87	.87
Donations	.04	.05	.04	.15
Telephone and Telegraph	.41	.32	.27	.22
Bad Debts	.27	.27	.49	.35
Credit Card Expense (Bank Charges)	.11	.14	.10	.05
Delivery Expenses (Other Than Wages)	.76	.58	.84	.69
Leasing Expenses (Non-Occupancy)	.08	.07	.14	.10
Insurance (Other Than Real Estate and Group)	.89	.49	.37	.50
Taxes (Other Than Real Estate and Payroll)	.57	.29	.34	.79
Interest (Other Than Real Estate)	1.71	1.06	.95	1.00
Depreciation (Other than Real Estate)	1.27	.77	.48	.80
Store and Shop Supplies	.35	.34	.22	.17
Legal and Accounting	.42	.25	.19	.26
Computer Services and Expenses (Other than Wages)	.18	.12	.14	.06
Dues and Subscriptions	.13	.07	.06	.04
Travel, Buying, Entertainment	.25	.16	.15	.19
Miscellaneous Services (Laundry, Disposal, etc.)	.11	.10	.09	.03
Unclassified Expenses	.83	.43	.64	.55
Total Other Costs of Doing Business	10.90	7.89	7.74	7.24
Total Operating Expenses	32.76	28.10	24.47	24.58
Operating Profit or Loss	(2.48)	.90	1.95	2.35
Other Income	1.35	1.92	1.62	1.52
Net Operating Profit or Loss (Before Income Taxes)	(1.13)	2.82	3.57	3.87

*As reported to us by The Bottom Line contributors.

**Ownership in Real Estate includes Taxes, Insurance, Depreciation and Interest for Mortgages on Land and Buildings.

Sales Volume Size

Balance Sheet Data	Sales Under $1,000,000	$1,000,000 To $2,999,999	$3,000,000 To $4,999,999	Sales $5,000,000 Or More
Total Dollar Assets	$417,537	$800,432	$1,223,436	$3,200,121
		% of Total Assets		
Assets				
Cash On Hand and In Bank	4.23	5.64	6.53	4.46
Notes and Installments Contracts Receivable	4.99	1.60	5.29	3.28
Accounts Receivable	9.31	16.13	20.03	30.42
Merchandise Inventory (End of Year)	53.85	44.30	38.10	34.79
Other Current Assets	2.99	1.35	2.97	2.29
Total Current Assets	75.37	69.02	72.92	75.24
Stocks and Bonds	3.96	4.03	2.21	1.08
Real Estate (Not Used in Business)	1.83	.76	.74	1.71
Other Investments	4.30	3.36	3.67	2.11
Total Investments	10.09	8.15	6.62	4.90
Land (Owned and Used in Business)	.91	3.64	2.86	3.17
Buildings (Owned and Used in Business Less Depreciation)	3.76	8.96	9.69	6.51
Leasehold Improvements (Less Amortization Allowance)	1.07	1.68	1.89	.72
Furniture, Fixtures, Equipment (Owned and Used in Business Less Depreciation)	6.33	5.38	3.79	6.61
Delivery Equipment (Owned and Used in Bus. Less Depr.)	2.17	1.58	1.95	1.84
Other Fixed Assets	.30	1.39	.28	1.01
Total Fixed Assets	14.54	22.83	20.46	19.86
Total Assets	100.00%	100.00%	100.00%	100.00%
Liabilities And Net Worth				
Accounts Payable	10.48	12.42	16.16	11.68
Current Portion of Notes Payable	7.38	10.79	14.80	9.21
Accrued Payroll Taxes	.53	.27	.63	.26
Accrued Other Taxes	1.10	1.32	1.14	1.74
Other Accrued Expenses	.95	1.73	2.35	4.45
Other Current Liabilities	3.77	2.18	2.87	1.34
Total Current Liabilities	24.21	28.71	37.95	28.68
Notes Due Partners/Officers	8.63	3.60	1.83	1.02
Mortgage Payable	6.20	5.13	3.21	1.26
Long Term Debt	21.80	10.53	9.32	11.95
Other Long Term Liabilities	4.41	.84	2.09	1.96
Total Long Term Liabilities	41.04	20.10	16.45	16.19
Total Liabilities	65.25	48.81	54.40	44.87
Net Worth	34.75	51.19	45.60	55.13
Total Liabilities And Net Worth	100.00%	100.00%	100.00%	100.00%
Financial Performance				
Profit on Investment	(5.93%)	12.69%	22.90%	20.03%
Active Owner's Return	15.85%	29.80%	41.08%	32.63%
Current Asset Ratio	3.11x	2.40x	1.92x	2.62x
Quick Asset Ratio	.89x	.86x	.92x	1.41x
Total Debt to Tangible Net Worth	187.70%	95.36%	119.36%	81.41%
Stock Turn Times	2.39x	3.84x	5.87x	5.97x
Sales to Inventory Ratio	3.38x	5.38x	7.94x	8.17x
Average Inventory per Sq. Ft. Sales Area	$21.96	$42.34	$51.61	$94.76
Net Sales to Accounts Receivable	19.51x	14.31x	14.61x	9.38x
Net Sales to Total Assets	1.82x	2.31x	2.92x	2.85x
Net Sales to Net Worth	5.23x	4.51x	6.42x	5.18x
Net Sales to Net Working Capital	3.55x	5.73x	8.36x	6.13x
Other Operating Data				
Incoming Freight — % of Purchases	1.05%	.37%	.31%	.01%
Credit Sales — % of Total Gross Sales	42.57%	45.34%	49.31%	67.70%
Consumer Sales — % of Total Gross Sales	70.82%	65.39%	50.63%	35.83%
Inventory - % Stored in Central Warehouse	60.00%	16.50%	25.04%	15.00%
Selling Area — Square Feet	17,250	18,402	16,368	16,833
Sales Per Square Foot — Selling Area	$67.96	$150.29	$198.49	$378.53
Total Area — Square Feet	14,353	29,805	44,424	42,538
Sales Per Square Foot — Total Area	$52.86	$75.52	$107.71	$141.42
Sales Per Person Employed	$76,443	$93,961	$121,175	$158,530
Sales Per Customer	$12.52	$24.99	$36.77	$154.66

Sales Floor Size

Income Statement Data	Sales Area Under 10,000 Sq. Ft.	10,000 Sq. Ft. To 19,999 Sq. Ft.	Sales Area 20,000 Sq. Ft. Or More
Number of Stores	68	103	19
Net Sales Volume	$2,152,784	$3,205,240	$3,917,569
Current Year's Sales vs. Previous Year*	+18.86%	+10.92%	+4.92%
Gross Sales	101.07%	102.18%	102.03%
Less: Total Deductions	1.07	2.18	2.03
Net Sales	100.00%	100.00%	100.00%
Cost of Goods Sold	72.71	72.89	71.79
Margin Before Purchase Rebate or Patronage Dividend	27.29	27.11	28.21
Purchase Rebate or Patronage Dividend	.37	.24	.32
Margin After Purchase Rebate or Patronage Dividend	27.66	27.35	28.53
Payroll and Other Employee Expense			
Salaries — Owners, Officers, Managers	3.54	2.71	3.90
Salaries/Wages — Other Employees	10.27	9.93	9.84
Federal and State Payroll Taxes	.97	1.07	1.37
Group Insurance	.43	.62	.47
Benefit Plans	.65	.38	.31
Total Payroll and Other Employee Expense	15.86	14.71	15.89
Occupancy Expense			
Heat, Light, Power, Water	.62	.53	.85
Building Repairs and Maintenance	.18	.44	.55
Rent or Ownership in Real Estate**	2.36	1.88	2.75
Total Occupancy Expense	3.16	2.85	4.15
Other Costs of Doing Business			
Office Supplies and Postage	.54	.34	.44
Advertising and Promotion	1.36	1.52	2.41
Donations	.06	.08	.14
Telephone and Telegraph	.28	.28	.25
Bad Debts	.22	.40	.53
Credit Card Expense (Bank Charges)	.11	.09	.12
Delivery Expenses (Other Than Wages)	.76	.69	.62
Leasing Expenses (Non-Occupancy)	.03	.13	.13
Insurance (Other Than Real Estate and Group)	.51	.43	.55
Taxes (Other Than Real Estate and Payroll)	.26	.60	.34
Interest (Other Than Real Estate)	.88	1.01	1.35
Depreciation (Other than Real Estate)	.78	.64	.77
Store and Shop Supplies	.27	.25	.21
Legal and Accounting	.19	.26	.22
Computer Services and Expenses (Other than Wages)	.11	.10	.13
Dues and Subscriptions	.06	.06	.06
Travel, Buying, Entertainment	.13	.19	.19
Miscellaneous Services (Laundry, Disposal, etc.)	.02	.08	.13
Unclassified Expenses	.32	.67	.31
Total Other Costs of Doing Business	6.89	7.82	8.90
Total Operating Expenses	25.91	25.38	28.94
Operating Profit or Loss	1.75	1.97	(.41)
Other Income	1.64	1.63	2.07
Net Operating Profit or Loss (Before Income Taxes)	3.39	3.60	1.66

*As reported to us by The Bottom Line contributors.

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Sales Floor Size

Balance Sheet Data	Sales Area Under 10,000 Sq. Ft.	10,000 Sq. Ft. To 19,999 Sq. Ft.	Sales Area 20,000 Sq. Ft. Or More
Total Dollar Assets	$858,688	$1,168,791	$1,675,246
		% of Total Assets	
Assets			
Cash and Equivalent	6.11	4.86	6.52
Notes and Contracts Receivable	1.11	2.44	9.87
Accounts Receivable	19.23	24.12	12.96
Merchandise Inventory (End of Year)	40.22	41.41	36.10
Other Current Assets	1.61	1.90	4.17
Total Current Assets	68.33	74.73	69.62
Stocks and Bonds	1.93	2.86	3.34
Real Estate (Not Used in Business)	.29	1.48	.24
Other Investments	4.87	1.85	4.98
Total Investments	7.09	6.19	8.56
Land (Owned and Used in Business)	4.30	3.07	1.88
Buildings (Owned and Used in Bus. Less Depre.)	10.51	7.46	7.67
Leasehold Improvements (Less Amortization Allowance)	1.45	.94	3.00
Furniture, Fixtures, Equipment (Owned and Used in Business Less Depreciation)	5.86	5.43	4.15
Delivery Equipment (Owned and Used in Bus. Less Depr.)	1.74	1.55	2.69
Other Fixed Assets	.72	.63	2.43
Total Fixed Assets	24.58	19.08	21.82
Total Assets	100.00%	100.00%	100.00%
Liabilities And Net Worth			
Accounts Payable	13.60	12.43	14.98
Current Portion of Notes Payable	11.44	11.77	10.42
Accrued Payroll Taxes	.17	.53	.21
Accrued Other Taxes	1.53	1.58	.44
Other Accrued Expenses	2.11	2.92	2.67
Other Current Liabilities	2.49	2.29	1.51
Total Current Liabilities	31.34	31.52	30.23
Notes Due Partners/Officers	1.67	2.47	3.10
Mortgage Payable	4.88	2.64	4.72
Long Term Debt	9.17	9.98	17.22
Other Long Term Liabilities	1.13	1.46	3.53
Total Long Term Liabilities	16.85	16.55	28.57
Total Liabilities	48.19	48.07	58.80
Net Worth	51.81	51.93	41.20
Total Liabilities And Net Worth	100.00%	100.00%	100.00%
Financial Performance			
Profit on Investment	16.39%	19.05%	9.41%
Active Owner's Return	33.52%	33.34%	31.53%
Current Asset Ratio	2.18x	2.37x	2.30x
Quick Asset Ratio	.90x	1.06x	1.11x
Total Debt to Tangible Net Worth	93.03%	92.61%	142.74%
Stock Turn Times	4.66x	5.03x	4.35x
Sales to Inventory Ratio	6.41x	6.90x	6.06x
Average Inventory per Sq. Ft. Sales Area	$71.26	$51.93	$27.22
Net Sales to Accounts Receivable	13.00x	11.37x	18.05x
Net Sales to Total Assets	2.51x	2.74x	2.34x
Net Sales to Net Worth	4.84x	5.28x	5.68x
Net Sales to Net Working Capital	6.78x	6.35x	5.94x
Other Operating Data			
Incoming Freight — % of Purchases	.38%	.16%	.49%
Credit Sales — % of Total Gross Sales	55.07%	54.80%	47.79%
Consumer Sales — % of Total Gross Sales	59.28%	57.81%	66.24%
Inventory — % Stored in Warehouse	26.50%	22.89%	--%
Selling Area — Square Feet	8,750	14,696	27,634
Sales Per Square Foot — Selling Area	$200.83	$170.22	$103.25
Total Area — Square Feet	32,921	32,882	42,133
Sales Per Square Foot — Total Area	$83.57	$100.73	$86.01
Sales Per Person Employed	$117,647	$125,561	$86,900
Sales Per Customer	$28.57	$47.25	$29.81

Type of Origin

Income Statement Data	Originally Hardware Store	Originally Lumber/ Building Materials Outlet	Organized As A Home Center
Number of Stores	22	88	10
Net Sales Volume	$1,663,362	$3,380,056	$1,320,870
Current Year's Sales vs. Previous Year*	+15.51%	+14.49	+4.35%
Gross Sales	101.97%	101.82%	103.81%
Less: Total Deductions	1.97	1.82	3.81
Net Sales	100.00%	100.00%	100.00%
Cost of Goods Sold	68.74	72.67	68.24
Margin Before Purchase Rebate or Patronage Dividend	31.26	27.33	31.76
Purchase Rebate or Patronage Dividend	.77	.30	.53
Margin After Purchase Rebate or Patronage Dividend	32.03	27.63	32.29
Payroll and Other Employee Expense			
Salaries — Owners, Officers, Managers	2.90	3.02	3.20
Salaries/Wages — Other Employees	13.80	10.10	11.44
Federal and State Payroll Taxes	1.35	1.17	1.31
Group Insurance	.75	.65	.58
Benefit Plans	.26	.49	.35
Total Payroll and Other Employee Expense	19.06	15.43	16.88
Occupancy Expense			
Heat, Light, Power, Water	.97	.57	1.01
Building Repairs and Maintenance	.78	.39	.38
Rent or Ownership in Real Estate**	4.40	1.89	2.87
Total Occupancy Expense	6.15	2.85	4.26
Other Costs of Doing Business			
Advertising and Promotion	2.65	1.62	2.13
Insurance (Other than Real Estate or Group)	.44	.40	.45
Taxes (Other than Real Estate or Payroll)	.30	.61	.32
Interest (Other than Real Estate)	1.36	1.15	.59
Depreciation (Other than Real Estate)	.83	.70	1.21
All Other Expense	2.92	3.38	4.78
Total Other Costs of Doing Business	8.50	7.86	9.48
Total Operating Expense	33.71	26.14	30.62
Operating Profit or Loss	(1.68)	1.49	1.67
Other Income	1.58	1.77	(.04)
Net Operating Profit or Loss (Before Income Taxes)	(.10)	3.26	1.63
Financial Performance			
Profit on Investment	(.64%)	17.96%	9.04%
Active Owner's Return	16.49%	34.57%	26.86%
Current Asset Ratio	2.55x	2.16x	2.72x
Quick Asset Ratio	.71x	1.01x	.75x
Total Debt to Tangible Net Worth	136.89%	108.12%	140.76%
Stock Turn Times	3.33x	5.13x	3.09x
Sales to Inventory Ratio	4.84x	7.05x	4.53x
Average Inventory per Sq. Ft. Sales Area	$28.57	$64.11	$27.10
Net Sales to Accounts Receivable	27.47x	11.64x	30.48x
Net Sales to Total Assets	2.49x	2.64x	2.31x
Net Sales to Net Worth	5.90x	5.50x	5.57x
Net Sales to Net Working Capital	5.83x	6.86x	5.22x
Other Operating Data			
Incoming Freight — % of Purchases	.62%	.22%	1.27%
Credit Sales — % of Total Gross Sales	25.33%	51.92%	33.08%
Consumer Sales — % of Total Gross Sales	73.47%	59.51%	74.33%
Inventory — % Stored in Central Warehouse	--%	21.91%	——%
Selling Area — Square Feet	19,554	17,521	15,584
Sales Per Square Foot — Selling Area	$92.01	$187.11	$97.65
Total Area — Square Feet	21,819	41,948	16,275
Sales Per Square Foot — Total Area	$70.56	$84.50	$77.64
Sales Per Person Employed	$61,852	$129,659	$84,777
Sales Per Customer	$15.43	$51.67	$32.33

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Trade Area Size

Income Statement Data	M.S.A.† Central City	M.S.A.† Suburban	Cities 10,000 To 50,000	Towns Under 10,000
Number of Stores	29	23	60	82
Net Sales Volume	$2,858,047	$4,863,844	$2,727,626	$2,441,694
Current Year's Sales vs. Previous Year*	+20.93%	+.72%	+11.59%	+13.34%
Gross Sales	101.07%	100.78%	102.29%	102.73%
Less: Total Deductions	1.07	.78	2.29	2.73
Net Sales	100.00%	100.00%	100.00%	100.00%
Cost of Goods Sold	74.27	72.60	72.67	72.17
Margin Before Purchase Rebate or Patronage Dividend	25.73	27.40	27.33	27.83
Purchase Rebate or Patronage Dividend	.22	.06	.50	.26
Margin After Purchase Rebate or Patronage Dividend	25.95	27.46	27.83	28.09
Payroll and Other Employee Expense				
Salaries — Owners, Officers, Managers	2.24	2.59	3.78	3.13
Salaries/Wages — Other Employees	10.68	10.27	9.88	9.69
Federal and State Payroll Taxes	.78	.88	1.21	1.27
Group Insurance	.25	.36	.61	.73
Benefit Plans	.86	.28	.37	.40
Total Payroll and Other Employee Expense	14.81	14.38	15.85	15.22
Occupancy Expense				
Heat, Light, Power, Water	.50	.46	.67	.67
Building Repairs and Maintenance	.25	.38	.35	.43
Rent or Ownership in Real Estate**	2.30	1.83	2.52	1.90
Total Occupancy Expense	3.05	2.67	3.54	3.00
Other Costs of Doing Business				
Advertising and Promotion	1.50	1.01	1.92	1.70
Insurance (Other than Real Estate or Group)	.35	.59	.51	.42
Taxes (Other than Real Estate or Payroll)	.29	.24	.27	.83
Interest (Other than Real Estate)	.77	.95	1.49	.81
Depreciation (Other than Real Estate)	.62	.71	.80	.66
All Other Expenses	2.59	4.01	3.44	3.59
Total Other Costs of Doing Business	6.12	7.51	8.43	8.01
Total Operating Expenses	23.98	24.56	27.82	26.23
Operating Profit or Loss	1.97	2.90	.01	1.86
Other Income	1.35	1.22	1.89	1.94
Net Operating Profit or Loss (Before Income Taxes)	3.32	4.12	1.90	3.80
Financial Performance				
Profit on Investment	16.97%	20.06%	10.79%	19.64%
Active Owner's Return	28.41%	32.68%	32.23%	35.83%
Current Asset Ratio	2.17x	2.42x	2.12x	2.53x
Quick Asset Ratio	1.03x	1.02x	.91x	1.14x
Total Debt to Tangible Net Worth	89.62%	59.66%	141.03%	97.51%
Stock Turn Times	5.57x	4.91x	4.30x	5.02x
Sales to Inventory Ratio	7.51x	6.76x	5.92x	6.96x
Average Inventory per Sq. Ft. Sales Area	$56.31	$102.57	$40.01	$43.73
Net Sales to Accounts Receivable	11.33x	11.61x	12.12x	13.84x
Net Sales to Total Assets	2.70x	3.06x	2.35x	2.62x
Net Sales to Net Worth	5.11x	4.88x	5.67x	5.17x
Net Sales to Net Working Capital	7.25x	6.45x	6.44x	6.01x
Other Operating Data				
Incoming Freight — % of Purchases	.15%	.05%	.60%	.14%
Credit Sales — % of Total Gross Sales	59.26%	59.21%	55.90%	47.47%
Consumer Sales — % of Total Gross Sales	51.89%	43.70%	58.67%	66.70%
Inventory — % Stored in Central Warehouse	--%	32.08%	21.50%	18.67%
Selling Area — Square Feet	14,300	15,286	19,083	17,486
Sales Per Square Foot — Selling Area	$180.68	$231.61	$151.20	$146.38
Total Area — Square Feet	40,799	21,014	33,006	34,782
Sales Per Square Foot — Total Area	$90.42	$196.85	$81.14	$86.66
Sales Per Person Employed	$116,409	$152,585	$100,939	$115,918
Sales Per Customer	$25.66	$123.59	$30.20	$39.46

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†Metropolitan Statistical Area

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Store Location: Part I

Income Statement Data	Downtown	Suburban	Rural
Number of Stores	27	141	22
Net Sales Volume	$2,073,204	$3,012,126	$3,157,808
Current Year's Sales vs. Previous Year*	+12.24%	+11.31%	+17.99%
Gross Sales	103.04%	101.69%	101.99%
Less: Total Deductions	3.04	1.69	1.99
Net Sales	100.00%	100.00%	100.00%
Cost of Goods Sold	73.11	72.57	73.22
Margin Before Purchase Rebate or Patronage Dividend	26.89	27.43	26.78
Purchase Rebate or Patronage Dividend	.27	.28	.29
Margin After Purchase Rebate or Patronage Dividend	27.16	27.71	27.07
Payroll and Other Employee Expense			
Salaries — Owners, Officers, Managers	3.10	3.15	2.52
Salaries/Wages — Other Employees	9.37	10.04	9.80
Federal and State Payroll Taxes	1.43	1.06	1.13
Group Insurance	.75	.48	.81
Benefit Plans	.18	.47	.43
Total Payroll and Other Employee Expense	14.83	15.20	14.69
Occupancy Expense			
Heat, Light, Power, Water	.53	.62	.50
Building Repairs and Maintenance	.36	.36	.59
Rent or Ownership in Real Estate**	2.09	2.27	1.33
Total Occupancy Expense	2.98	3.25	2.42
Other Costs of Doing Business			
Advertising and Promotion	1.28	1.72	1.05
Insurance (Other than Real Estate and Group)	.44	.47	.49
Taxes (Other than Real Estate and Payroll)	.31	.27	1.85
Interest — Other than Real Estate)	.91	1.04	1.11
Depreciation (Other than Real Estate)	.72	.68	.79
All Other Expenses	3.81	3.48	3.18
Total Other Costs of Doing Business	7.47	7.66	8.47
Total Operating Expense	25.28	26.11	25.58
Operating Profit or Loss	1.88	1.60	1.49
Other Income	1.66	1.63	1.95
Net Operating Profit or Loss (Before Income Taxes)	3.54	3.23	3.44
Financial Performance			
Profit on Investment	15.34%	17.98%	16.16%
Active Owner's Return	28.81%	35.49%	27.99%
Current Asset Ratio	2.36x	2.24x	2.47x
Quick Asset Ratio	1.11x	.95x	1.30x
Total Debt to Tangible Net Worth	98.72%	105.32%	84.62%
Stock Turn Times	4.49x	4.85x	5.22x
Sales to Inventory Ratio	6.15x	6.68x	7.13x
Average Inventory per Sq. Ft. Sales Area	$30.14	$59.86	$34.73
Net Sales to Accounts Receivable	10.31x	13.96x	8.46x
Net Sales to Total Assets	2.18x	2.71x	2.55x
Net Sales to Net Worth	4.34x	5.56x	4.70x
Net Sales to Net Working Capital	5.58x	6.80x	5.48x
Other Operating Data			
Incoming Freight — % of Purchases	.37%	.26%	.09%
Credit Sales — % Total Gross Sales	62.34%	50.45%	69.95%
Consumer Sales — % of Total Gross Sales	54.19%	59.81%	63.05%
Inventory — % Stored in Central Warehouse	50.00%	20.12%	--%
Selling Area — Square Feet	17,010	16,891	19,334
Sales Per Square Foot — Selling Area	$127.46	$168.01	$161.1
Total Area — Square Feet	22,066	36,888	23,771
Sales Per Square Foot — Total Area	$91.82	$93.01	$92.69
Sales Per Person Employed	$114,851	$113,740	$147,437
Sales Per Customer	$53.77	$36.03	$67.45

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Store Location: Part II

Income Statement Data	Shopping Centers	Free-Standing No Stores Adjacent	Free-Standing Stores Nearby
Number of Stores	26	75	89
Net Sales Volume	$1,935,419	$3,059,360	$3,046,881
Current Year's Sales vs. Previous Year*	+17.93%	+12.19%	+11.46%
Gross Sales	101.06%	101.75%	102.29%
Less: Total Deductions	1.06	1.75	2.29
Net Sales	100.00%	100.00%	100.00%
Cost of Goods Sold	69.19	72.91	73.18
Margin Before Purchase Rebate or Patronage Dividend	30.81	27.09	26.82
Purchase Rebate or Patronage Dividend	.40	.38	.16
Margin After Purchase Rebate or Patronage Dividend	31.21	27.47	26.98
Payroll and Other Employee Expense			
Salaries — Owners, Officers, Managers	4.04	3.08	2.91
Salaries/Wages — Other Employees	11.47	9.97	9.68
Federal and State Payroll Taxes	.93	1.08	1.15
Group Insurance	.54	.60	.50
Benefit Plans	.46	.49	.41
Total Payroll and Other Employee Expense	17.44	15.22	14.65
Occupancy Expense			
Heat, Light, Power, Water	.69	.52	.65
Building Repairs and Maintenance	.47	.38	.37
Rent or Ownership in Real Estate**	3.60	1.92	2.06
Total Occupancy Expense	4.76	2.82	3.08
Other Costs of Doing Business			
Advertising and Promotion	1.97	1.35	1.72
Insurance (Other than Real Estate or Group)	.52	.54	.40
Taxes (Other than Real Estate or Payroll)	47	.74	.23
Interest (Other than Real Estate)	.96	1.01	1.07
Depreciation (Other than Real Estate)	.68	.75	.64
All Other Expenses	3.29	3.56	3.45
Total Other Costs of Doing Business	7.89	7.95	7.51
Total Operating Expenses	30.09	25.99	25.24
Operating Profit or Loss	1.12	1.48	1.74
Other Income	1.02	2.04	1.54
Net Operating Profit or Loss (Before Income Taxes)	2.14	3.52	3.28
Financial Performance			
Profit on Investment	12.47%	17.68%	17.88%
Active Owner's Return	35.95%	33.13%	33.70%
Current Asset Ratio	2.43x	2.38x	2.21x
Quick Asset Ratio	.85x	1.06x	1.00x
Total Debt to Tangible Net Worth	107.73%	94.26%	106.92%
Stock Turn Times	4.28x	4.94x	4.89x
Sales to Inventory Ratio	6.19x	6.78x	6.68x
Average Inventory per Sq. Ft. Sales Area	$31.10	$54.30	$52.78
Net Sales to Accounts Receivable	23.50x	11.01x	12.72x
Net Sales to Total Assets	2.80x	2.58x	2.63x
Net Sales to Net Worth	5.81x	5.02x	5.44x
Net Sales to Net Working Capital	6.67x	6.22x	6.64x
Other Operating Data			
Incoming Freight — % of Purchases	.30%	.36%	.16%
Credit Sales — % of Total Gross Sales	53.14%	61.80%	47.59%
Consumer Sales — % of Total Gross Sales	64.58%	58.33%	59.11%
Inventory — % Stored in Central Warehouse	56.00%	20.24%	16.96%
Selling Area — Square Feet	17,204	17,294	16,965
Sales Per Square Foot — Selling Area	$141.70	$184.44	$149.90
Total Area — Square Feet	17,419	32,281	39,062
Sales Per Square Foot — Total Area	$110.83	$92.51	$90.76
Sales Per Person Employed	$77,054	$129,931	$117,285
Sales Per Customer	$18.41	$75.26	$28.82

*As reported to us by The Bottom Line contributors.
**Ownership in Real Estate includes Taxes, Insurance, Depreciation and Interest for Mortgages on Land and Buildings.

Number of Stores

Income Statement Data	Single Store Business	2 To 4 Stores	5 To 10 Stores	11 Stores Or More
Number of Stores	111	38	22	24
Net Sales Volume	$3,006,741	$2,384,805	$3,370,865	$2,591,188
Current Year's Sales vs. Previous Year*	+10.22%	+18.26%	+7.79%	+16.13%
Gross Sales	102.07%	102.54%	100.12%	102.74%
Less: Total Deductions	2.07	2.54	.12	2.74
Net Sales	100.00%	100.00%	100.00%	100.00%
Cost of Goods Sold	72.55	73.78	71.71	73.07
Margin Before Purchase Rebate or Patronage Dividend	27.45	26.22	28.29	26.93
Purchase Rebate or Patronage Dividend	.30	.30	.22	.28
Margin After Purchase Rebate or Patronage Dividend	27.75	26.52	28.51	27.21
Payroll and Other Employee Expense				
Salaries — Owners/Officers/Managers	3.18	2.97	2.50	3.40
Salaries/Wages — Other Employees	10.03	10.43	11.08	7.75
Federal and State Payroll Taxes	1.15	.87	1.17	1.12
Group Insurance	.59	.29	.59	.66
Benefit Plans	.49	.48	.26	.30
Total Payroll and Other Employee Expense	15.44	15.04	15.60	13.23
Occupancy Expense				
Heat, Light, Power, Water	.54	.75	.58	.73
Building Repairs and Maintenance	.38	.37	.52	.23
Rent or Ownership in Real Estate**	2.02	2.45	2.39	2.04
Total Occupancy Expense	2.94	3.57	3.49	3.00
Other Costs of Doing Business				
Advertising and Promotion	1.44	1.63	1.36	2.61
Insurance (Other than Real Estate or Group)	.54	.46	.39	.18
Taxes (Other than Real Estate or Payroll)	.64	.27	.02	.37
Interest (Other than Real Estate)	1.10	.59	1.28	.95
Depreciation (Other than Real Estate)	.76	.67	.64	.52
All Other Expenses	3.54	3.17	3.49	3.65
Total Other Costs of Doing Business	8.02	6.79	7.18	8.28
Total Operating Expenses	26.40	25.40	26.27	24.51
Operating Profit or Loss	1.35	1.12	2.24	2.70
Other Income	1.81	1.69	.93	1.91
Net Operating Profit or Loss (Before Income Taxes)	3.16	2.81	3.17	4.61
Financial Performance				
Profit on Investment	16.01%	14.00%	16.47%	31.76%
Active Owner's Return	32.15%	28.80%	29.43%	55.16%
Current Asset Ratio	2.58x	2.09x	2.07x	1.77x
Quick Asset Ratio	1.20x	.94x	.81x	.64x
Total Debt to Tangible Net Worth	99.84%	92.13%	91.30%	127.72%
Stock Turn Times	4.76x	5.41x	4.29x	5.12x
Sales to Inventory Ratio	6.57x	7.33x	5.98x	7.01x
Average Inventory Per Sq. Ft. Sales Area	$34.21	$67.92	$264.94	$409.32
Net Sales to Accounts Receivable	11.27x	13.85x	11.50x	25.84x
Net Sales to Total Assets	2.54x	2.59x	2.71x	3.03x
Net Sales to Net Worth	5.07x	4.98x	5.19x	6.89x
Net Sales to Net Working Capital	5.72x	7.34x	6.74x	9.97x
Other Operating Data				
Incoming Freight — % of Purchases	.31%	.20%	.02%	.34%
Credit Sales — % of Total Gross Sales	61.44%	59.01%	43.95%	30.26%
Consumer Sales — % of Total Gross Sales	57.12%	53.82%	59.55%	76.50%
Inventory — % Stored in Central Warehouse	10.00%	46.67%	22.50%	20.00%
Selling Area — Square Feet	19,504	16,296	14,500	13,333
Sales per Square Foot — Selling Area	$155.37	$155.25	$236.25	$239.24
Total Area — Square Feet	26,549	34,133	27,027	65,834
Sales per Square Foot — Total Area	$95.79	$79.00	$137.09	$39.36
Sales per Person Employed	$118,298	$95,796	$131,488	$129,559
Sales per Customer	$42.19	$31.98	$22.06	$38.46

*As reported to us by The Bottom Line contributors.

**Ownership in Real Estate includes Taxes, Insurance, Depreciation and Interest for Mortgages on Land and Buildings.

Store Orientation

Income Statement Data	Contractor Oriented	Consumer Oriented
Number of Stores	66	122
Net Sales Volume	$4,037,368	$2,136,062
Current Year's Sales vs. Previous Year*	+9.85%	+12.35%
Gross Sales	101.42%	102.60%
Less: Total Deductions	1.42	2.60
Net Sales	100.00%	100.00%
Cost of Goods Sold	74.15	71.30
Margin Before Purchase Rebate or Patronage Dividend	25.85	28.70
Purchase Rebate or Patronage Dividend	.12	.47
Margin After Purchase Rebate or Patronage Dividend	25.97	29.17
Payroll and Other Employee Expense		
Salaries — Owners/Officers/Managers	2.60	3.61
Salaries/Wages — Other Employees	10.09	9.74
Federal and State Payroll Taxes	.95	1.27
Group Insurance	.42	.60
Benefit Plans	.47	.42
Total Payroll and Other Employee Expense	14.53	15.64
Occupancy Expense		
Heat, Light, Power, Water	.45	.77
Building Repairs and Maintenance	.27	.43
Rent or Ownership in Real Estate**	1.83	2.55
Total Occupancy Expense	2.55	3.75
Other Costs of Doing Business		
Advertising and Promotion	1.17	2.15
Insurance (Other Than Real Estate or Group)	.50	.43
Taxes (Other Than Real Estate or Payroll)	.22	.37
Interest (Other Than Real Estate)	1.08	1.02
Depreciation (Other Than Real Estate)	.71	.67
All Other Expenses	3.39	3.63
Total Other Costs of Doing Business	7.07	8.27
Total Operating Expenses	24.15	27.66
Operating Profit or Loss	1.82	1.51
Other Income	1.63	1.59
Net Operating Profit or Loss (Before Income Taxes)	3.45	3.10
Financial Performance		
Profit on Investment	17.38%	17.55%
Active Owner's Return	30.49%	37.92%
Current Asset Ratio	2.29x	2.27x
Quick Asset Ratio	1.14x	.83x
Total Debt to Tangible Net Worth	93.90%	112.98%
Stock Turn Times	5.28x	4.27x
Sales to Inventory Ratio	7.13x	5.99x
Average Inventory Per Sq. Ft. Sales Area	$63.85	$42.16
Net Sales to Accounts Receivable	9.57x	20.09x
Net Sales to Total Assets	2.60x	2.65x
Net Sales to Net Worth	5.05x	5.65x
Net Sales to Net Working Capital	6.33x	6.61x
Other Operating Data		
Incoming Freight — % of Purchases	.12%	.42%
Credit Sales — % of Total Gross Sales	65.29%	35.69%
Consumer Sales — % of Total Gross Sales	32.68%	73.56%
Inventory — % Stored In Central Warehouse	32.50%	16.00%
Selling Area — Square Feet	15,780	17,625
Sales per Square Foot — Selling Area	$214.03	$142.28
Total Area — Square Feet	36,515	32,532
Sales per Square Foot — Total Area	$96.21	$91.18
Sales per Person Employed	$139,380	$96,899
Sales per Customer	$65.42	$24.69

*As reported to us by The Bottom Line Report contributors.

**Ownership in Real Estate includes Taxes, Insurance, Depreciation and Interest for Mortgages on Land and Buildings.

Strategic Profit Model

The Strategic Profit Model can be an excellent management tool for home center retailers. The Model combines the principal elements of a firm's operating statment and balance sheet into a single profit planning equation, evaluating operating performance on the most important criteria — Return on Net Worth.

The Strategic Profit Model clearly identifies, through the use of financial ratio analysis, the three major operational areas that determine the rate of return on net worth; profit margin, asset turnover and leverage.

Several elements that can be controlled by management to improve the level of operational performance are:

Profit Margin

Sales — Increase sales through better displays and advertising, more promotions, addition of new lines, etc.

Cost of Goods Sold — Improve Gross Margin through variable pricing, efficient buying, etc.

Expenses — Trimming expenses is difficult in view of today's high inflation, labor costs, occupancy expense, etc., however, carefully review each item of expense for areas of cost savings.

Other Income — Take advantage of cash discounts, earnings from revolving or installment credit programs and other investments such as stock ownership.

Asset Turnover

Inventory — Decrease inventory level through a careful review of the levels of all items, trim slow moving items, eliminate obsolete items.

Accounts Receivable — Review status of accounts, if excessively high without the use of a finance charge, customers are operating on the firm's money.

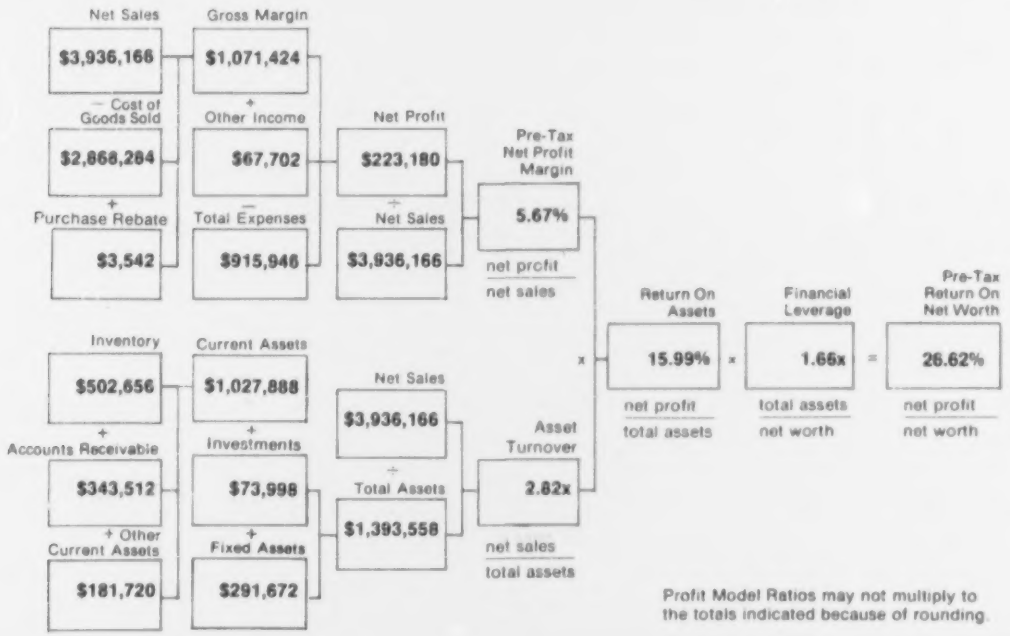
Fixed Assets — Divide Net Sales by Fixed Assets, a substantially lower than industry average ratio, indicates excessive investments resulting in idle capacity.

Leverage

The amount of borrowed funds has a number of major implications 1) creditors look to owner supplied funds to provide a margin of safety; 2) by raising funds through debt, owners gain the benefit of maintaining control of the firm with a limited investment and 3) if the firm earns more on borrowed funds than it pays in interest, return to owners is magnified.

Presented below is the Strategic Profit Model for the High Profit Stores category. Retailers interested in improving their performance should carefully review this model, as it represents the level of excellence achieved by industry leaders.

High-Profit Home Centers



Profit Model Ratios may not multiply to the totals indicated because of rounding.

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Departmental Sales

Many Bottom Line contributors provided detailed information on sales, margins, inventory, cost of goods sold and space occupied by major departments found in U.S. home centers. Slightly more than half of the sample is made up of home centers with lumber and building material origins; the other half of the sample is comprised of centers with hardware origins. Although results may be somewhat biased toward lumber and building materials, the section should give an excellent indication of operating results obtained in various departments found in U.S. home centers.

Departmental Contributions

Shown for each department are the percent of firms handling, the share of net sales, sales floor space, inventory, cost of goods sold and dollar productivity per square foot of sales area. These data are for **Handling Firms Only.** All stores participating in the survey that do not carry a particular department were not included in the computation of the average data for that department.

As an example to help understand the meaning of the **Handling Firms Only** data, suppose the Lawn and Garden Department in the Financial Report shows 90.0% of the reporting stores have a Lawn and Garden Department. The data shown for the Lawn and Garden Department are only for the 90.0% of stores who carry Lawn and Garden Equipment. Thus, **Handling Firms Only** data enable an operator to compare a specific department's data with the average of other operators who also carry that department.

The Financial Report also presents an **Average Store Profile.** This profile shows data for a home center handling all departments and allows a comparison of the relationships among departments within a single operation.

But what of a home center that does not carry all the major departments? How can the relationships of only carried departments be compared to a total store industry average? The necessary data are contained in the Report — only a simple computation is required.

First, for each department carried, add the industry average percent of Net Sales. The sum of these percentages is then divided into each individual departmental percent. The resulting percentages are the **Average Store Profile** for an outlet carrying only these departments.

As an example, a home center carries only four departments — Hardware, Hand Tools, Paint and Home Decorating and Building Materials. Assume The Financial Report indicates percent of Net Sales for handling firms for each department to be:

Hardware	15.0%
Hand Tools	10.0%
Paint and Home Decorating	20.0%
Building Materials	50.0%

The total of these percents equals 95.0%. Now divide the total (95.0%) into each of the individual department's percent:

Hardware	$\frac{15.0}{95.0}$	= 15.8%
Hand Tools	$\frac{10.0}{95.0}$	= 10.5%
Paint and Home Decorating	$\frac{20.0}{95.0}$	= 21.1%
Building Materials	$\frac{5.0}{95.0}$	= 52.6%

The resulting percentages' total should equal 100.0% and are the **Average Store Profile** for an outlet handling only Hardware, Hand Tools, Paint and Home Decorating, and Building Materials. This same procedure can be followed to determine the Average Store Profile for the percent of sales floor space, inventory and cost of goods sold.

Productivity

There are a number of ways in which to evaluate departmental performance including margin, turnover, sales productivity and margin contribution. The table presented on the following page, examines these departmental evaluation criteria.

The first evaluative measure is departmental gross margin.

On the basis of margin alone, the following departments would be considered high performing departments: hardware, electrical supplies and plumbing, heating & cooling. Margin evaluations alone would indicate major appliances and home entertainment, lumber and building materials to be below average performance.

An additional measure is the sales to inventory ratio (net sales divided by average inventory at cost). On the basis of this ratio alone, lumber and building materials highly exceed all the other department averages.

An excellent way for home center operators to evaluate departmental performance is through the concept of gross margin return on inventory investment or GMROI. GMROI considers both margin and turnover. GMROI is computed by taking the margin percentage times the sales to inventory ratio. Below, GMROI is expressed as an index. Lawn and Garden's GMROI, for example, is 1.55 which means $1.55 in margin is returned for each $1.00 invested in lawn and garden inventory. GMROI of 1.55 is computed by taking margin (29.5%) times the sales to inventory ratio (5.2x), (29.5% x 5.2x = 1.55). Resultant GMROI figures give home center operators ways to measure departmental performance across diverse merchandise lines. Traditional high margin, low turnover departments may be compared with traditional low margin, high turnover departments.

An additional evaluative measure shown on the next page is sales per square foot of sales area. Individual home center operators may utilize other evaluations such as profit on sales or return on investment by department. Nearly all departmental evaluation methods rely on some type of inventory control system enabling operators to measure sales and purchases at least at the departmental level.

Departmental Contribution

Department	Handling Firms Only: % Handling	% of Net Sales	% of Sales Floor	% of Inventory	$ Sales Per Sq. Ft.	Average Store Profile: % of Net Sales	% of Sales Floor	% of Inventory
Hardware	100.0	10.3	13.9	12.0	140.78	10.3	13.9	12.0
Hand Tools	100.0	3.4	5.4	3.9	125.75	3.4	5.4	3.9
Power Tools & Accessories	100.0	3.3	4.1	4.1	136.48	3.3	4.1	4.1
Plumbing, Heating & Cooling	100.0	7.6	10.3	6.4	143.50	7.6	10.3	6.4
Electrical Supplies	100.0	5.5	7.6	4.8	130.32	5.5	7.6	4.8
Paint & Home Decorating	100.0	8.7	10.2	7.6	129.37	8.7	10.2	7.6
Lumber	89.7	24.5	13.6	22.8	364.21	20.3	10.7	18.3
Building Materials	93.2	27.6	16.4	29.3	292.18	25.7	14.3	28.4
Lawn & Garden	81.2	6.7	9.2	6.7	117.01	5.4	7.5	5.5
Housewares	49.5	4.1	9.9	6.3	85.23	2.0	5.5	2.6
Automotive Supplies	31.6	1.4	4.8	2.4	160.40	.5	1.0	.7
Major Appliances & Home Entertainment	27.4	5.7	9.0	3.7	113.07	1.6	3.1	.8
Sporting Goods & Outdoor Living	26.5	4.8	8.2	8.8	100.00	1.3	1.9	1.8
Miscellaneous Goods	56.4	7.6	10.8	5.0	118.77	4.4	4.5	3.1
						100.0	100.0	100.0

Productivity

Department	Typical Store Profile: Gross Margin %	Sales To Inventory Ratio	Gross Margin Return on Inventory GMROI
Hardware	40.0	5.3x	2.13
Hand Tools	35.6	4.9x	1.74
Power Tools & Accessories	31.1	5.3x	1.65
Plumbing, Heating & Cooling	37.6	5.1x	1.92
Electrical Supplies	36.5	4.8x	1.76
Paint & Home Decorating	37.5	6.6x	2.48
Lumber	25.5	8.3x	2.11
Building Materials	29.6	5.8x	1.72
Lawn & Garden	33.2	5.3x	1.76
Housewares	33.8	3.1x	1.05
Automotive Supplies	29.3	3.6x	1.04
Major Appliances & Home Entertainment	20.2	4.1x	.84
Sporting Goods & Outdoor Living	28.8	3.7x	1.06
Miscellaneous Goods	32.5	5.0x	1.63

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The Computer Age In Retailing

A growing number of retailers are beginning to use computers for item-inventory control, and what they are finding will ultimately materially change the way many retailers operate their businesses.

The National Retail Hardware Association has been conducting research among a group of these computerized retailers for more than a year in an effort to determine the rate of sale of various items and to determine which items sell slowest.

Any retailers receiving this cost-of-doing business report who are on item-inventory control and who would like to participate in this major industry research project (on an entirely confidential basis) should contact Bob Vereen, Senior Vice President, National Retail Hardware Association to receive full details of the research plan.

What Has Been Learned So Far

With the cooperation of Triad Systems Corp., an initial group of some 36 retailers operating 48 stores were contacted and asked to supply complete information on their 1984 sales history and year-end inventories. Triad then used specialized computer programs to summarize the inventory data from these stores.

The stores represent all sections of the country, from small towns to major metro markets, and buy from a variety of wholesale sources.

Estimated sales volume per store during 1984 was $1.3 million, with an average year-end inventory of $315,167. On balance, it could be assumed that these stores are "better than average."

Product sales were classified by sales velocity: "A" items representing 70% of sales; "B" items the next 15%; "C" items the next 10%; "D" items the last 5%; and "X" items being those that had not sold even one piece in 12 months.

What was learned is disturbing. Items that did not sell even one piece in a year or which contributed only the last 5% of sales accounted for 43.2% of total inventory.

Of the important "A" items, those that account for 70% of their sales, inventory of these items was only 28.1% of the total. This indicated stores may have been out of stock on some of these "A" items while seriously overstocked on "D" items, and of course carrying far too many "X" items.

One should certainly begin to evaluate the stocking levels of slow-moving items. Those cooperating retailers which have been on computerized inventory control for more than a year already have begun either eliminating items or sharply reducing inventory levels of slower-selling items, thereby substantially increasing gross margin return on inventory (GMROI).

NRHA's analysis indicates that about 15% of one's item-inventory count will represent 70% of volume. It seems to be holding true regardless of department—tools, hardware, etc.

Further analysis of the initial data compiled by Triad for NRHA's research study indicates that the industry must do a better job of variable pricing, inasmuch as average margin on "A" items for the 48 reporting stores was 38.47% while margins on slow-moving "C" and "D" items was just a shade above 40%.

It is quite likely that most retailers may have some of their own "A" items priced too high in relation to competition, thereby fostering a high-priced image, and taking too low a markup on the slow-selling service items that they carry for customer convenience.

NRHA will be developing a new service, THE TURNOVER HANDBOOK, based on further analysis of this data, which will consist of generic listings of "A", "B", "C", and "D" items to help retailers improve their stockturns and GMROI. It is expected to be available early in 1986 and will be licensed for individual store use at a reasonable fee.

Further information can be obtained from any of the state and regional hardware associations affiliated with the National Retail Hardware Association, NRHA or Home Center Institute.

Bob Vereen, Senior Vice President
770 North High School Road
Indianapolis, Indiana 46224

Yes, I would be interested in further information about the Item-Inventory Control Research Project.

Please contact me at:

Name _____

Position _____

Firm _____

Address _____

City & State _____ *Zip* _____

HCI home center institute

Member Services

The Home Center Institute, established in 1972, is the information and service center for Do-It-Yourself home center retailers.

Included among HCI services are a wide variety of sales training and management development programs, research, consumer information, seminars and workshops, advertising and promotion, management aids, merchandising aids and Washington legislative representation.

HCI concentrates its service activities in those areas where it would be prohibitively expensive — or impossible — for the member to develop an individual program.

HCI makes available to its membership the vast resources of the National Retail Hardware Association, which has established an industry-wide reputation for professional leadership and innovation.

Management/Education Services
Behind every successful home center is a good management team. HCI offers the managerial and educational programs that home center retailers need to manage more efficiently.

Consumer Education
A collection of 50 different Show How brochures give step-by-step instructions for home repair and remodeling projects. These brochures can be personalized for individual retailers.

Show-How Theatre is an in-store audio/visual program that puts manufacturer-supplied how-to films at the point-of-purchase. A growing library of Association-produced films gives Show-How Theatre a dual role as an employee training medium. Some films are also available on video.

Employee Education
The "Advanced Course in Hardware Retailing" provides information on selling, merchandising and display.

Sales Training Workbooks for building materials, plumbing, electrical and hardware offer indepth specialized training.

"How To" tapes and workbooks teach middle management about pricing, theft, motivation, advertising, etc.

HCI's Legislative Representation
HCI's director of government relations voices the home center retailers position on every pertinent issue to Congress, commissions and agencies.

Management Information
"Store Meeting Guide" and "Sales Tips" for employees combine instruction and motivation. "Departmental Merchandising Guide" suggests basic stock and location of displays. "Wage-hour and Fair Employment Practices Handbook" covers laws and interpretations on employment practices.

Personnel Management Aids
A selection of books and manuals provide guidelines for better recruiting, interviewing, hiring and evaluating employees.

Seminars and Workshops
Subjects range from store management to ownership succession. Larger home centers, can make use of these seminars for "in-house" training programs.

Store Planning Services
Layout and Merchandising
There's more to furnishing a store than setting up some fixtures. It requires planning, designing the sales floor for maximum efficiency, creating an image with decor, display accessories, proper merchandising and installation of the entire store. The HCI's Master Merchant Store Planning Program offers a single source consulting service in all these areas, staffed by highly trained and thoroughly experienced store engineers and merchandising consultants.

Store Planning
An association consultant can design a sales floor that makes effective use of space, appeals to the consumer, increases operating efficiency and improves profit.

Merchandising
The proper relationship on the salesfloor between items and product categories and effective use of feature displays results in improved impulse and related-item sales. Merchandising involves knowledge of the retailer's market area and the proper assortment to meet that market's needs.

Decor
More than identifying departments, good decor can stimulate the customer's buying urges, create a distinctive store image, make customers feel comfortable in the store and keep them coming back.

Fixtures and Equipment
HCI provides retailers with fixtures designed specifically for home centers.

Installation
Once the salesfloor is designed, merchandising consultants will supervise the installation of fixtures, equipment and decor. Installation is scheduled carefully to minimize disruption to daily business in an existing store and to assure on-time opening of a new store.

Leasing and Financing
HCI offers equitable leasing and financing terms to help conserve operating funds for current merchandising needs.

Strategic Merchandising Service
HCI's strategic merchandising service develops prototype programs from the ground up. The program is especially suited for larger multi-unit retailers and evolved from expertise in research, planning and development. Strategic merchandising offers a single-source consulting service staffed by highly-trained store engineers and merchandising consultants.

Internal Communications
"Home Center Update," a monthly newsletter, provides information on current home center activity, problems and solutions and news influencing the home center business.

DIY RETAILING magazine is a part of the HCI membership and offers how-to information on marketing, merchandising and management. In addition, each issue contains business news, company profiles and retailing trends.

Loss Prevention Council
Loss prevention information, including preventive measures, products and suggestions from professionals of the Loss Prevention Council and other loss prevention specialists is discussed at an annual loss prevention conference. The conference provides a chance for an exchange of newest techniques or solutions for loss prevention problems. Member home centers of the council include: Sutherland Lumber, The Home Depot, Ole's Home Centers, W.R. Grace Home Centers, Wickes Companies, Inc., Eclipse Industries, Inc. and Wolohan Lumber Co.

Affiliated Associations

California Pacific Southwest Hardware Association
William R. Maze
122 Ninth St.
San Francisco, CA 94103
(415) 552-0536

Canadian Retail Hardware Association
Thomas M. Ross
6800 Campobello Road
Mississauga, Ontario, Canada L5N 2L8
(416) 821-3470

The Hardware Association of the Carolinas
Eleanor Brigance
412 Louise Avenue
Charlotte, NC 28204
(704) 332-3141

Illinois Retail Hardware Association
John C. Friel
215 West Prospect Ave.
Mt. Prospect, IL 60056
(312) 392-8700

Indiana-Kentucky Hardware Association, Inc.
Richard L. Russell
4120 N. Keystone
Indianapolis, IN 46205
(317) 547-5471

Intermountain Association
R.M. Henderlider
2230 Main St.
Boise, ID 83706
(208) 342-7779

Iowa Retail Hardware Association
John C. Phillips
520 35th St.
Des Moines, IA 50312
(515) 274-0401

Michigan Retail Hardware Association
Thomas A. Aitken
4414 S. Pennsylvania Ave.
Box 30065
Lansing, MI 48909
(517) 394-1710

Minnesota-Dakotas Retail Hardware Association
Steve Johnson
3033 Excelsior Blvd.
Minneapolis, MN 55416
(612) 929-4691

Montana Hardware and Implement Association
Betty Lovelady
3087 N. Montana Ave.
P.O. Box 4459
Helena, MT 59601
(406) 442-1590

Mountain States Hardware and Implement Association
Max L. Sauder
1380 Carr St.
Lakewood, CO 80215
(303) 233-2101

New England Hardware Dealers Association
Leonard J. Palmisano
Lakeside Office Park, Door #10
599 North Ave.
Wakefield, MA 01880
(617) 246-1510

New York State Retail Hardware Association
Larry Bowser
6500 Joy Road
East Syracuse, NY 13057
(315) 437-7318

Ohio Hardware Association
Joe B. Bailey, Jr.
1540 W. Fifth Ave., (43212)
P.O. Box 1828
Columbus, OH 43216
(614) 486-5278

Pacific Northwest Hardware and Implement Association
Mac Smith
333 S.W. Fifth Ave.
Room 606
Portland, OR 97204
(503) 226-1641

Pennsylvania and Atlantic Seaboard Hardware Association
Hal Marsolais
949 East Park Dr.
Harrisburg, PA 17111
(717) 564-7011

Southern Association
R.L. Ricker
2111 Smith St.
Orange Park, FL 32073
(904) 264-7525

Southwest Hardware and Implement Association
Allen E. Murfin
4629 Mark IV Parkway
Ft. Worth, TX 76106
(817) 625-5562

Hardware Association of the Virginias
Leonard Holdren
1906 N. Hamilton St.
Richmond, VA 23230
(804) 358-6511

Western Retail Implement and Hardware Association
Jeff Flora
638 W. 39th St. (64111)
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Kansas City, MO 64141
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Wisconsin Retail Hardware Association
Robert L. Gast
1421 Strongs Ave.
Stevens Point, WI 54481
(715) 346-9600